



December 26, 2007

Mr. John Marshall, Warden
California Men's Colony
P.O. Box 8101
San Luis Obispo, CA 93409-8101

Dear Mr. Marshall:

Final Report: California Men's Colony—Internal Control Review

Enclosed is our final internal control report on the California Men's Colony (Institution) as of March 21, 2007. The Department of Finance, Office of State Audits and Evaluations (Finance), performed this review to meet the Institution's requirements for the Financial Integrity and State Manager's Accountability Act of 1983, Government Code Section 13400, et seq.

The findings in our report are intended to assist the Institution management in focusing attention on areas of risk, strengthening internal control, and improving operations. The Institution agreed with our findings and we appreciate the Institution's willingness to implement corrective action.

As required by the Financial Integrity and State Manager's Accountability Act of 1983, Government Code 13400, et. seq., please provide an updated corrective action plan every six months until all of the recommendations are implemented. Mail your corrective action plan to:

Department of Finance
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 95814

We appreciate the Institution's assistance and cooperation with this review. In accordance with Finance's policy of increased transparency, this report will be placed on our website. If you have any questions, please contact Kimberly Tarvin, Manager, or Rich Hebert, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Janet I. Rosman, Assistant Chief
Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. James E. Tilton, Secretary, California Department of Corrections and Rehabilitation
Ms. Heidi Lackner, Director, Division of Support Services, California Department of
Corrections and Rehabilitation
Mr. Scott Carney, Deputy Director, Fiscal Services, California Department of Corrections
and Rehabilitation
Ms. Kim Holt, External Audits Manager, Office of Audits and Compliance, California
Department of Corrections and Rehabilitation
Mr. Timothy Gilpin, Associate Director, Accounting Services, California Department of
Corrections and Rehabilitation
Ms. Gayle Fifield, Administrator III, Regional Accounting Office, Northern Region,
California Department of Corrections and Rehabilitation
Mr. Jaime Corvera, Administrator II, California Department of Corrections and
Rehabilitation, Central Coast Regional Accounting Office

AN INTERNAL CONTROL REVIEW

California Men's Colony

Prepared By:
Office of State Audits and Evaluations
Department of Finance

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The California Department of Corrections and Rehabilitation (Department) operates all state adult prisons and juvenile facilities, oversees a variety of community correctional facilities, and supervises all adult and juvenile parolees during their reentry into society. The Department's adult program includes 33 institutions which span the state from Pelican Bay State Prison in the northwest corner of California to Centinela State Prison near the United States/Mexico border.

The Department's Sacramento Headquarters and eight regional accounting offices perform the fiscal administrative functions related to the adult institutions. Many of these accounting and administrative functions are consolidated within the regional accounting offices. However, some functions, such as inmate trust and stores accounting, are performed at the institutions. The Department's fiscal administrative structure enhances its ability to provide effective fiscal management through centralization of institutions' accounting records, application of consistent accounting procedures, monitoring of fiscal activity, and retention of trained and qualified staff.

The California Men's Colony (Institution) is served by the Central Coast Regional Accounting Office (RAO). An internal control review of the Institution was performed in conjunction with a review of the RAO. Separate reports are being issued for the RAO and the Institution. The findings in this report pertain to the Institution's controls over the processing and preparation of Institution transactions and financial statements.

State managers are required to maintain internal control over the programs they administer. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations. This definition of internal control includes five interrelated components:

- *Control environment* sets the tone of an organization and influences the control consciousness of its staff. It is the foundation for all other components of internal control and provides discipline and structure.
- *Risk assessment* is the entity's identification and analysis of relevant risks to the achievement of its objectives and forms a basis for determining how risk should be managed.
- *Control activities* are the policies and procedures that help ensure management directives are carried out.
- *Information and communication* are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

- *Monitoring* is the process that assesses the quality of internal control performance over time.

The objective of the internal control review was to assist the Department in complying with the Financial Integrity and State Manager's Accountability Act of 1983, Government Code Section 13400, et seq. Specifically, the Department of Finance, Office of State Audits and Evaluations, assisted the Department in determining whether the Institution's: (1) assets are safeguarded from unauthorized use or disposition, (2) financial transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of reliable financial statements, and (3) financial operations are conducted in accordance with State Administrative Manual guidelines, certain other state laws and regulations, as well as the Institution's and Department's policies and procedures.

The review did not include an evaluation of the efficiency or effectiveness of the Institution's operations, or the accomplishment of program goals or objectives.

This report is intended for the information and use of Institution and Department management. It is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

STAFF:

Kimberly Tarvin, CPA
Manager

Rich Hebert
Brandon Nunes
Supervisors

Randy McClendon
Lisa Negri
Cindie Lor
Mary Tesema

EXECUTIVE SUMMARY

The review of the California Men's Colony's (Institution) internal control indicated that controls were in place and working as intended for cash receipts, receivables, cash disbursements, revolving fund, purchasing, personnel and payroll, and inmate trust. Specifically, cash receipts are correctly recorded and deposited. Receivables are established for amounts due, and collection procedures are adequate to collect employee receivables and salary advances. Cash disbursements are made for allowable purposes and the revolving fund is properly accounted for. Purchases are properly authorized and made in accordance with state policies. In addition, controls over the personnel and payroll are sufficient to ensure the reliability and integrity of payroll data, and the inmate trust funds are properly safeguarded and accounted for. However, controls could be improved to reduce the risk of errors, irregularities, and material misstatements in the areas of: institutional stores, property, and contracts.

The findings in this report are based on fieldwork performed between February 13, 2007 and March 21, 2007. The findings and observations were presented to the related units and Institution management throughout the fieldwork and at the exit conference held March 21, 2007.

This review was limited to the Institution's accounting and administrative functions performed and did not include the accounting and administrative functions performed at the Central Coast Regional Accounting Office (RAO) or the Department of Corrections and Rehabilitation Headquarters (Headquarters). Specifically, information technology, budget, and financial reporting activities were not reviewed, and the contracts review was limited. The RAO is primarily responsible for the Institution's financial reports and information technology processing for fiscal and accounting functions processed by the California State Accounting Reporting System (CALSTARS). In addition, the RAO and Headquarters process all budget transactions and contracts with a value of \$5,000 or higher for the Institution. Furthermore, the review did not include an evaluation of the efficiency or effectiveness of the Institution's operations, or the accomplishment of program goals or objectives.

Reportable Conditions

Institutional Stores: The Institution's controls over the pharmacy and warehouse inventories do not ensure proper accountability of these items. Specifically, the pharmacy does not maintain a perpetual inventory system to control the receipt and issuance of pharmaceuticals. In addition, not all Storeroom Supply Requisitions are properly authorized.

Property: The Institution does not maintain adequate controls and accountability over property. Specifically, property determined to be missing is not surveyed out as required, the property ledger is not adjusted to account for items determined to be missing, and not all property is tagged with a unique identification number as required.

Contracts: The Institution's controls over contracts are not adequate to ensure that contracts are properly authorized. Specifically, service and expense orders are not approved before the start of the commencement of work.

For further analysis of these weaknesses, see the *Findings and Recommendations* section of this report. This report is intended to assist the Institution management in focusing attention on areas of risk and in strengthening internal control and improving operations.

AUDITOR'S REPORT

Mr. John Marshall, Warden
California Men's Colony
P.O. Box 8101
San Luis Obispo, CA 93409-8101

The Department of Finance, Office of State Audits and Evaluations, reviewed the internal control of the California Men's Colony (Institution) as of March 21, 2007, for conformity with Government Code Section 13400, et seq. The review included gaining an understanding of internal control through observations and interviews, and evaluating the design and operating effectiveness of the internal control, and performing other procedures deemed necessary.

The Institution's management is responsible for establishing and maintaining adequate internal control. This responsibility, in accordance with Government Code Section 13400, et seq., includes documenting internal control, communicating requirements to employees, and assuring that the internal control is functioning as prescribed. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control are to provide reasonable, but not absolute, assurance of the following:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of reliable financial statements.
- Financial operations are conducted in accordance with policies and procedures established in the State Administrative Manual.

Because of inherent limitations in internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk the internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Based on the review of the Institution's internal control as of March 21, 2007, certain matters were noted involving the Institution's internal control and its operation that are considered to be reportable conditions. Reportable conditions involve matters relating to significant deficiencies in the design or operation of the internal control over financial reporting that could adversely affect the Institution's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition that precludes the Institution's internal control from providing reasonable assurance that material misstatements in the financial statements will be prevented

or detected on a timely basis. We believe that none of the reportable conditions is a material weakness. The reportable conditions are described in the *Findings and Recommendations* section of this report.

This report is intended for the information and use of Institution and Department management. It is not intended to be and should not be used by anyone other than the designated parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

Janet I. Rosman, Assistant Chief
Office of State Audits and Evaluations
(916) 322-2985

March 21, 2007

FINDINGS AND RECOMMENDATIONS

The review of the California Men's Colony's (Institution) accounting and administrative controls in effect as of March 21, 2007, indicates that many controls were functioning as intended. Specifically, no reportable conditions were identified for the cash receipts, receivables, cash disbursements, revolving fund, purchasing, personnel and payroll, and inmate trust. However, some controls were not operating as intended and corrective action is needed to safeguard assets from loss. If left uncorrected, these weaknesses could increase the risk that material errors or irregularities could occur and remain undetected.

Institutional Stores

Effective internal control over institutional stores is necessary to ensure that inventory is properly accounted for and adequately safeguarded. The following internal control weaknesses over the Institution's institutional stores were identified.

FINDING 1 Lack of Pharmaceutical Inventory System

Condition: The pharmacy does not maintain an inventory showing receipt, issuance, or availability of pharmaceutical items. Total pharmaceutical expenditures for fiscal year 2005-06 exceeded \$9.7 million.

The sensitive nature and volume of pharmaceuticals require that procedures be in place to prevent the loss or misappropriation of these items. Lack of controls over pharmaceuticals may result in monetary loss, misappropriation, or injury due to misuse.

Criteria: State Administrative Manual (SAM) Section 10860, requires that a physical inventory of materials and supplies be completed every three months.

Recommendation: Establish a system to control the inventory of pharmaceuticals and conduct a physical count of these items at least quarterly. Physical counts should be reconciled to the inventory system's balances on hand with explanations of discrepancies.

FINDING 2 Unauthorized Storeroom Supplies Requisitions

Condition: Of 218 Storeroom Supply Orders reviewed, 47 (22 percent) lacked approvals by the requesting employee's supervisor. In addition, 24 requests (11 percent) were missing the Warehouse Materials and Stores Supervisor's signature. For 22 (10 percent), the original requestor's signature verifying receipt of the goods was missing. Without properly approved Storeroom Supplies Requisitions, a risk exists that

storeroom supplies could be issued and misappropriated without detection.

Criteria: SAM, Section 10831, requires that all stores requisitions be approved by the unit supervisor, warehouse staff, and original requestor. Materials will be issued from the storeroom for approved requisitions.

Recommendation: Implement procedures that ensure all required signatures are obtained on the Storeroom Supply Order prior to issuing supplies from the warehouse.

Property

Effective internal control safeguards property, plant, and equipment from unauthorized acquisition, use, or disposition. The following internal control weaknesses over the Institution's property were identified.

FINDING 3 Inadequate Property Controls

Condition: The controls over property are inadequate and the Institution's property ledger is unreliable. The following weaknesses were identified:

- Missing property is not surveyed for disposal because current procedures allow missing property to remain on the property ledger for three years before being surveyed. As a result, property survey reports have not been prepared for property valued at \$332,193 which was identified as missing during the inventory completed June 2005. Of this amount, \$206,185 (62 percent) represents capitalized equipment. Therefore, the Institution's capitalized equipment balance is overstated by \$206,185.
- Property survey procedures are inadequate. Property surveyed for disposal was not taken off the property ledger for 5 out of 6 properties (86 percent) reviewed. The disposal date and signature of staff disposing of the equipment were missing on 4 of 6 property survey reports (66 percent). Furthermore, 3 items listed as surveyed for disposal in the property ledger were still being used by the institution.
- The Institution's property ledger is inaccurate. Of the 10 items selected at the location, 9 (90 percent) were not recorded in the property ledger and 5 were missing the property tags.
- Of 10 items selected from the property register, the location could not be determined for 3 items and the location of 1 transferred item could not be confirmed.

Improperly maintaining inventory records and accounting for property increases the risk that the financial statements may be materially misstated, property could be disposed of without proper authorization or review, and property could be misappropriated without detection.

Criteria: SAM, Section 8643, requires that a property survey report be prepared for missing, lost, or stolen property and that the department adjust the accounting records accordingly.

Department of Corrections Operations Manual, Section 22030.11.3, requires that when property or equipment is lost, stolen, or destroyed, a property survey report is to be completed as soon as all the events are known, but no later than ten working days from being notified of the event.

SAM, Section 8640, requires that property listed on an approved property survey report will be disposed of immediately.

SAM, Section 8600, states that property accounting procedures are used to provide accurate records for the acquisition, maintenance, control, and disposition of property. The combination of accurate accounting records and strong internal control must be in place to protect against and detect the unauthorized use of state property.

SAM, Section 8651, requires that all state property be tagged after acquisition, including property that does not meet all of the state's capitalization requirements.

Recommendations: To strengthen property controls, implement the following corrective actions.

- Prepare property survey reports timely for missing property.
- Ensure that surveyed property is removed from the property ledger and properly disposed of.
- Conduct a physical inventory of all institution property and reconcile the results to the property registers and the general ledger.
- Ensure that all state property has a property tag affixed.

Contracts

Effective internal control over contracting ensures the Institution's procurement is effective and complies with state laws and regulations. The following internal control weakness over the Institution's contracts was identified.

FINDING 4 Untimely Approval of Service and Expense Orders

Condition: Service and Expense Orders are vendor contracts valued at less than \$5,000 that are used for a variety of expenditures including medical services. Of the 10 Service and Expense Orders selected for review, 9 were approved up to four months after the contract start date.

Late approval of the Service and Expense Orders delays payment to vendors resulting in late payment penalties and could impact which

vendors are willing to provide future services to the Institution. Additionally, if the Service and Expense Order is not approved after services have been provided by the vendor, the services will not be authorized for payment subjecting the state to legal action imposed by the vendor.

Criteria: State Contracting Manual, Section 4.09A, states that a contractor shall not begin work prior to receiving a copy of the signed contract. Services should not be provided until the contract is formally approved by the agency.

Recommendation: Obtain approval for all contracts prior to commencement of services.

I NSTITUTION R ESPONSE

**DIVISION OF ADULT INSTITUTIONS
CALIFORNIA MEN'S COLONY**

P.O. Box 8101
San Luis Obispo, CA 93409-8101



October 17, 2007

Department of Finance
Diana L. Ducay, Chief
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 95814

Dear Ms. Ducay:

CALIFORNIA MEN'S COLONY—INTERNAL CONTROL REVIEW

Enclosed is our Corrective Action Plan to the draft Internal Control Report on the California Men's Colony performed by the Department of Finance as of March 21, 2007.

If you have any questions regarding the responses, please contact M. A. Alves-Wright, Associate Warden, Business Services, at (805) 547-7918.

Sincerely,

Original signed by:

JOHN MARSHALL
Warden
California Men's Colony

Enclosure

cc: Heidi Lackner, Director, Division of Support Services, CDCR
Scott Carney, Deputy Director, Fiscal Services, CDCR
Kim Holt, External Audits Manager, Office of Audits and Compliance, CDCR
Timothy Gilpin, Associate Director, Accounting Services, CDCR
Gayle Fifield, Administrator III, Regional Accounting Office, Northern Region,
California Department of Corrections and Rehabilitation
Jaime Corvera, Administrator II, California Department of Corrections and
Rehabilitation, Central Coast Regional Accounting Office

CORRECTIVE ACTION PLAN
CALIFORNIA MEN'S COLONY
DEPARTMENT OF FINANCE - DRAFT INTERNAL CONTROL REVIEW REPORT
AS OF MARCH 21, 2007

Date of Response: October 2007

DESCRIPTION/DEFICIENCY (COMMENTS)	PROPOSED ACTION TO REMEDY DEFICIENCY	RESPONSIBILITY	ANTICIPATED COMPLETION DATE	ACTUAL COMPLETION DATE
<p>Institutional Stores</p> <p>FINDING 1 Lack of Pharmaceutical Inventory System</p> <p>Condition: The pharmacy does not maintain an inventory showing receipt, issuance, or availability of pharmaceutical items. Total pharmaceutical expenditures for Fiscal Year 2005-06 exceeded \$9.7 million.</p> <p>Criteria: State Administrative Manual (SAM) Section 10860, requires that a physical inventory of materials and supplies be completed every three months.</p> <p>Recommendation: Establish a system to control the inventory of pharmaceuticals and conduct a physical count of these items at least quarterly. Physical counts should be reconciled to the inventory system's balances on hand with explanations of discrepancies.</p>	<p>CMC Pharmacy Department is scheduled to implement the first phase of the Guardian pharmacy software on November 13, 2007. This new pharmacy software will maintain inventory of stock medication received by the pharmacy, and will adjust the inventory as the medications are distributed to the medication rooms and returned to the pharmacy.</p> <p>The Health Care Service Department will have a new system to control the inventory. A physical count will be done on an annual basis. Health Care Service Department will seek an exemption request to the Department of Finance to conduct only annual inventories.</p>	<p>R. Meyers, HCM M. Wallace, CHSA</p> <p>R. Meyers, HCM M. Wallace, CHSA</p>	<p>12/17/07</p> <p>3/1/08</p>	

DESCRIPTION/DEFICIENCY (COMMENTS)	PROPOSED ACTION TO REMEDY DEFICIENCY	RESPONSIBILITY	ANTICIPATED COMPLETION DATE	ACTUAL COMPLETION DATE
<p>Institutional Stores</p> <p>FINDING 2</p> <p>Unauthorized Storeroom Supplies Requisitions</p> <p>Condition:</p> <p>Of 218 Storeroom Supply Orders reviewed, 47 (22 percent) lacked approvals by the requesting employee's supervisor. In addition, 24 requests (11 percent) were missing the Warehouse Materials and Stores Supervisor's signatures. For 22 (10 percent), the original requestor's signature verifying receipt of the goods was missing. Without properly approved Storeroom Supplies Requisitions, a risk exists that storeroom supplies could be issued and misappropriated without detection.</p> <p>Criteria:</p> <p>SAM Section 10630, requires that all stores requisitions be approved by the unit supervisor, warehouse staff, and original requestor. Materials will be issued from the storeroom for approved requisitions.</p> <p>Recommendation:</p> <p>Implement procedures that ensure all required signatures are obtained on the Storeroom Supply Order prior to issuing supplies from the warehouse.</p>	<p>CMC has implemented procedures to insure no Warehouse Storeroom Supply Order (STD 115) is accepted or filled without an approval from the requesting employee's supervisor. Prior to delivery of warehouse product, a supervisor (Warehouse Manager II or Materials and Stores Supervisor II) will review the document(s) to insure the storekeeper has signed. After delivery of product, the document will be signed by the original requestor or staff person assigned to receive the order. On the job training will be conducted and all Warehouse staff will document their training.</p>	<p>S. Main, BM II T. Salvato, P&SO</p>		<p>10/12/07</p>

CONDITION, CRITERIA, AND RECOMMENDATIONS		PROPOSED ACTION		RESPONSIBILITY	ANTICIPATED COMPLETION DATE	ACTUAL COMPLETION DATE
Property						
FINDING 3	Inadequate Property Controls					
<p>Condition:</p> <p>The controls over property are inadequate and the Institution's property ledger is unreliable. The following weaknesses were identified:</p> <ul style="list-style-type: none"> Missing property is not surveyed for disposal because current procedures allow missing property to remain on the property ledger for three years before being surveyed. As a result, property survey reports have not been prepared for property valued at \$332,193 which was identified as missing during the inventory completed June 2005. Of this amount, \$206,185 (62 percent) represents capitalized equipment. Therefore, the Institution's capitalized equipment balance is overstated by \$206,185. Property survey procedures are inadequate. Property surveyed for disposal was not taken off the property ledger for five out of six properties (86 percent) reviewed. The disposal date and signature of staff disposing of the equipment were missing on four of six property survey reports (66 percent). Furthermore, three items listed as surveyed for disposal in the property ledger were still being used by the institution. The Institution's property ledger is inaccurate. Of the ten items selected at the location, nine (90 percent) were not recorded in the property ledger and five were missing the property tags. Of ten items selected from the property register, the location could not be determined for three items and the location of one transferred item could not be confirmed. <p>Improperly maintaining inventory records and accounting for property increases the risk that the financial statements may be materially misstated, property could be disposed of without proper authorization or review, and property could be misappropriated without detection.</p>		<p>Procedures will be reviewed and rewritten to comply with SAM Section 8643 and DOM Section 22030.11.3. Property survey reports will be prepared timely for missing equipment. Property survey reports will be prepared for missing equipment identified in June 2005 and proper adjustments made to the property ledger.</p> <p>Property survey reports (STD 152) have been entered into the PCS and taken off the property ledger, items have been properly disposed of. The Property Controller will ensure the disposal date and staff signature are affixed on the STD 152.</p>		S. Main, BM II T. Salvato, P&SOI	12/31/07	
		<p>Ensure that SAM Section 8651 is complied with and that sensitive equipment is clearly delineated to ensure consistency of tagging.</p>		S. Main, BM II T. Salvato, P&SO	10/17/07	10/17/07
		<p>Conduct a full physical institutional property inventory, complete inventory reconciliation, process property survey reports for missing property and adjust property ledger accordingly.</p>		S. Main, BM II T. Salvato, P&SO	12/31/08	

DESCRIPTION/DEFICIENCY (COMMENTS)	PROPOSED ACTION TO REMEDY DEFICIENCY	RESPONSIBILITY	ANTICIPATED COMPLETION DATE	ACTUAL COMPLETION DATE
<p>Contracts</p> <p>FINDING 4 Untimely Approval of Service and Expense Orders</p> <p>Condition: Service and Expense Orders are vendor contracts valued at less than \$5,000 that are used for a variety of expenditures including medical services. Of the ten Service and Expense Orders selected for review, nine were approved up to four months after the contract start date. Late approval of the Service and Expense Orders delays payment to vendors resulting in late payment penalties and could impact which vendors are willing to provide future services to the Institution. Additionally, if the Service and Expense Order is not approved after services have been provided by the vendor, the service will not be authorized for payment subjecting the state to legal action imposed by the vendor.</p> <p>Criteria:</p> <p>State Contracting Manual, Section 4.09A, states a contractor shall not begin work prior to receiving a copy of the signed contract. Services should not be provided until the contract is formally approved by the agency.</p> <p>Recommendation:</p> <p>Obtain approval for all contracts prior to commencement of services.</p>	<p>A memo will be sent out to Department Heads reiterating the policy in the State Contracting Manual, Section 409 A.</p> <p>Background Information:</p> <ul style="list-style-type: none"> Of the nine Service and Expense Orders that were approved after the effective date of the order, five were submitted to the Procurement Office after the effective date of the service from the requesting program. Effective immediately, all programs submitting requests after the effective date will be required to provide Procurement with a Late Submittal Justification explaining why the work had to be done prior to approval. Of the nine Service and Expense Orders that were approved after the effective date of the order, three should have been approved on the date the document was signed because the work actually did not take place until after approval. Because the Procurement assumed that the work had already taken place, the effective date was backdated. Of the nine Service and Expense Orders that were approved after the effective date of the order, one was originally a contract. Because the contract was late in being awarded from the Institution Contracts Section, CMC was instructed to perform a Service and Expense order to cover the initial 6 month period for the service after the fact. 	<p>S. Main, BM II T. Salvato, P&SO</p>	<p>12/1/07</p>	